EXAMPLE- GENERAL FUND AND LOCAL OPTION BUDGET: CALCULATION VS. FUNDING

HOW CALCULATED:

General Fund:
Assume district of 1187 students.
Assume computed weights for more costly kids add another 1038 students in weightings.
A total *weighted* enrollment of 2225.
Weighted enrollment of 2225 times Base of $3780 produces General Fund of $8,410,500.

Local Option Budget:
Recalculate General Fund using a Base of $4433.
Weighted enrollment of 2225 times Base of $4433 produces Recalculated General Fund of $9,863,425.
Apply chosen LOB percentage of 24% to get LOB of $2,367,222.

Combined General Fund and LOB:
$8,410,500 plus $2,367,222 equals $10,777,722 to fund most district operations.

HOW FUNDED:

General Fund:
Every district must levy 20 mills of property tax locally and apply it toward funding General Fund. If the 20 mill local levy does not completely fund the General Fund the state makes up the difference with "state aid."
In hypothetical district the 20 mills raises about $850,000 and the state pays the remaining $7,560,500.

Local Option Budget:
Local Option Budgets are funded with a mix of local property tax and state equalization aid.

To partially equalize purchasing power and taxpayer equity across districts, the state calculates the assessed valuation per pupil of the district at the 81.2 percentile. It then assigns a state equalization aid percentage to all districts below this level, theoretically giving them all the purchasing power of the district at the 81.2 percentile. This partially equalizes purchasing power for the poorest 81.2% of the districts in the state. There is no equalization aid for the wealthiest 18.8% of districts.

The wealthiest 18.8% of the districts simply levy however many mills locally it takes to fund their LOB.

The poorest 81.2% of the districts calculate their LOB, and apply their state equalization aid percentage to the total. They then get state LOB equalization aid for that portion of the LOB. They simply levy however many mills locally it takes to fund the balance.

LOB Funding- wealthy district:
$2,367,222 might be raised with a local 10 mill levy and no state aid.

LOB Funding- poor district:
Assume a 58% state equalization aid percentage.
$2,367,222 times 58% is $1,372,989 paid by LOB state equalization aid.
The balance, $994,233 might be raised with a local 21 mill levy.

LOB Funding- poor district- LOB state aid under-appropriated and prorated:
Assume a 58% state equalization aid percentage.
$2,367,222 times 58% is $1,372,989 *supposed to be paid* by LOB state equalization aid.

For 2011-12 LOB state equalization aid was under-appropriated and thus only paid at 85.7% of entitlement.
Thus only 85.7% of $1,372,989 or $1,176,652 gets paid by the state, shifting another $196,337 to local taxpayers.

The local balance of $994,233 is increased by $196,337 to $1,190,570 and might be raised with a local 24.65 mill levy.
The under-appropriating of LOB state aid thus would cause a 3.65 local mill increase to keep the same dollars. A wealthy district would see no increased levy to keep the same dollars.

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